



Director of
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① POLAND: Attacks on the US

5 The regime has begun a propaganda campaign against the US Government. Last week, Warsaw told Western bankers it would impose a moratorium on debt payments coming due in 1982. The coal mines near Katowice in the south are a focus of unrest. []

3/4 The authorities appear to have begun a major propaganda campaign against alleged US intelligence activity in Poland. At a news conference yesterday, internal security officials charged that US intelligence agents played a substantial part in creating and supporting dissident organizations in Poland. []

3/4/6 The officials supported their claims by showing film clips of activity by former US diplomats in Poland. The same material is being used in a two-part television series that ended yesterday. Polish media also are beginning to portray the Solidarity Day television broadcast tomorrow as a joint production of the CIA and the US International Communications Agency. []

2/3/4 Comment: These intensified propaganda attacks seem intended to reduce the impact of the broadcast, undermine the credibility of all broadcasts controlled by USICA, and shift the blame for unrest in Poland to the US. They might also presage increased harassment of US diplomatic personnel or a renewed crackdown on intellectuals for alleged links with Western intelligence agencies. []

Debt Service Moratorium

1 Warsaw last week told Western bankers that "for the time being" it would pay no interest or principal coming due in 1982. This moratorium announcement accompanied a promise to pay by 15 February interest due up to the end of 1981. []

1/2 Comment: The moratorium reflects Warsaw's concentration on covering interest arrears for 1981 to complete the private debt rescheduling for last year before paying any obligations for 1982. The banks probably will accept

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the moratorium until the agreement for 1981 is concluded, but then they will insist that Poland meet at least its interest payments for 1982 of nearly \$200 million monthly. Warsaw stands little chance of paying on time and will remain in danger of default. [redacted]

Areas of Tension

5 A Solidarity activist who recently made an "illegal" trip to Katowice told [redacted] that the atmosphere there is much more militant than in Warsaw. He said that miners and intellectuals were preparing for violent resistance in the spring. [redacted]

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6 Comment: This report generally dovetails with Archbishop Glemp's statement to a Western diplomat earlier this week that the Baltic coast, Warsaw, and Silesia continue to be areas of tension. The region around Katowice remains a center of resistance to martial law, in part because of the deaths of miners last month during clashes with security forces. Silesia is perhaps the likeliest area for any violence. [redacted]

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② EL SALVADOR: Results of Sabotage

The heavy damage to military aircraft at Ilopango Airbase weakens the armed forces' capabilities and confidence and boosts guerrilla morale and prestige. []

Our latest information is that five UH-1H helicopters, three C-47 transports, and five MD 450 "Ouragan" ground attack jet aircraft were destroyed. In addition, one UH-1H helicopter, one "Ouragan," two C-47s, and one Magister fighter-trainer were damaged. []

Most of the remaining eight UH-1H helicopters and three C-47s are grounded for varying lengths of time for repairs. []

1/2 Comment: The fact that charges were strategically placed--and only on operational aircraft--strongly suggests collaboration by base personnel. No contact with guerrillas was reported before the explosions or after. []

In addition to the materiel loss, the incident will embarrass the armed forces, raise doubts about its internal security, and generate interservice friction. The long-term impact on morale will depend on how quickly aircraft are replaced or repaired and on whether the guerrillas can follow up with similar successful operations. []

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③ ITALY: More Problems Ahead

The government is buoyed by its rescue of General Dozier, but it may soon face new challenges from the Red Brigades and from its coalition partners. [redacted]

[redacted]

Meanwhile, the leaders of each coalition party will meet today and tomorrow to review the political situation. Earlier this month the coalition partners agreed informally to put off a "crisis" and possible early national elections until parliament completed its review of the budget--probably some time in March. The political review is prompted by the recent polemics between the Italian Communists and Moscow. [redacted]

1/2 Comment: The police have almost certainly dealt a serious setback to the Red Brigades, but the extent of the damage will not be clear for some time. Some terrorists may prefer to go underground to escape anticipated followup action. The group's leadership, however, will be anxious to demonstrate its continuing ability to operate. [redacted]

As for the political review, there is a growing current of thought in Italy that the Italian Communists' dispute with Moscow will enhance their political legitimacy. This is most threatening to Socialist leader Craxi, who is Prime Minister Spadolini's most restless ally. [redacted]

If Craxi concludes that the Communists' stand could ultimately translate into votes, he would be inclined to drop his support for the government. In doing so, he would hope to precipitate elections before the Communists can iron out internal stresses brought about by the polemics with the Soviets. [redacted]

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④ SPAIN: Status of Basque Terrorism

Spanish police have made substantial progress recently in combating Basque terrorism, but they still face stiff resistance from the shrinking hardcore of activists.

1/3 A drop in local support for the terrorists, reflected in anti-ETA statements made at the end of 1981 by prominent Basque politicians, has made it more difficult for ETA to mount successful operations.

Comment: Although the terrorists have been operating in a more hostile climate for about a year, it would be premature to discount their capabilities. The more active "ETA-military" could easily incorporate hardcore members of the "political-military" wing, who would oppose a decision to disband.

The more militant members of one or both wings may even feel compelled to increase terrorist operations. There are some indications that police successes are largely a matter of luck and that their current optimism could evaporate if either wing of ETA carried off a spectacular terrorist act. Moreover, popular support for ETA in the Basque region could revive if Madrid curtails the region's autonomy in response to the military's concern about the declining authority of the central government.

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⑤ EC: Internal Policy Talks Fail

The longstanding disagreement among EC members over agriculture and budget policies appears ready to erupt again.

EC Foreign Ministers failed earlier this week to agree on continuation of the special rebate granted to the UK in May 1980 to limit its excessive contribution to the EC budget. The Thatcher government, with national elections and domestic anti-EC sentiment in mind, seeks a multiyear extension of the arrangement. The other members contend that the rebate should decrease annually at a predetermined rate, or at least in proportion to increases in Community spending for regional development and other programs in the UK.

The ministers also could not agree on penalties for dairy farmers to curb overproduction. EC support to the dairy industry is the single most expensive program of the Common Agricultural Policy.

13 In addition, the ministers rejected a suggestion by the EC Commission that the Ten indefinitely defer decisions on these and related issues, and set the EC summit on 29 and 30 March as the deadline for reaching consensus. London has hinted that it could block EC farm price increases this spring if the budget impasse continues.

The Ten gradually have retreated from their commitment to overhaul the EC budget--and the Common Agricultural Policy--before the British rebate expires at the end of the year. London's determination to secure a long-term rebate threatens to reopen the dispute that tested EC unity during the first half of 1980.

Comment: This latest wrangling comes at a time when it could complicate EC efforts to maintain a unified stance on the Polish situation and on the Middle East problem. It also coincides with Greece's tendency to play a maverick role on major foreign policy issues. Until now the Ten have managed to keep these issues largely separate from their internal disputes.

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⑥ USSR: Chernenko Moves Up

The leadership lineup yesterday in the hall where Suslov lies in state indicates that party Secretary Chernenko has moved into the number-two spot behind President Brezhnev in the Politburo. Chernenko stood next to Brezhnev and ahead of Premier Tikhonov and Secretary Kirilenko, both of whom had previously outranked him. This was Brezhnev's first public appearance in more than a month, and he walked unaided to his position in the honor guard. []

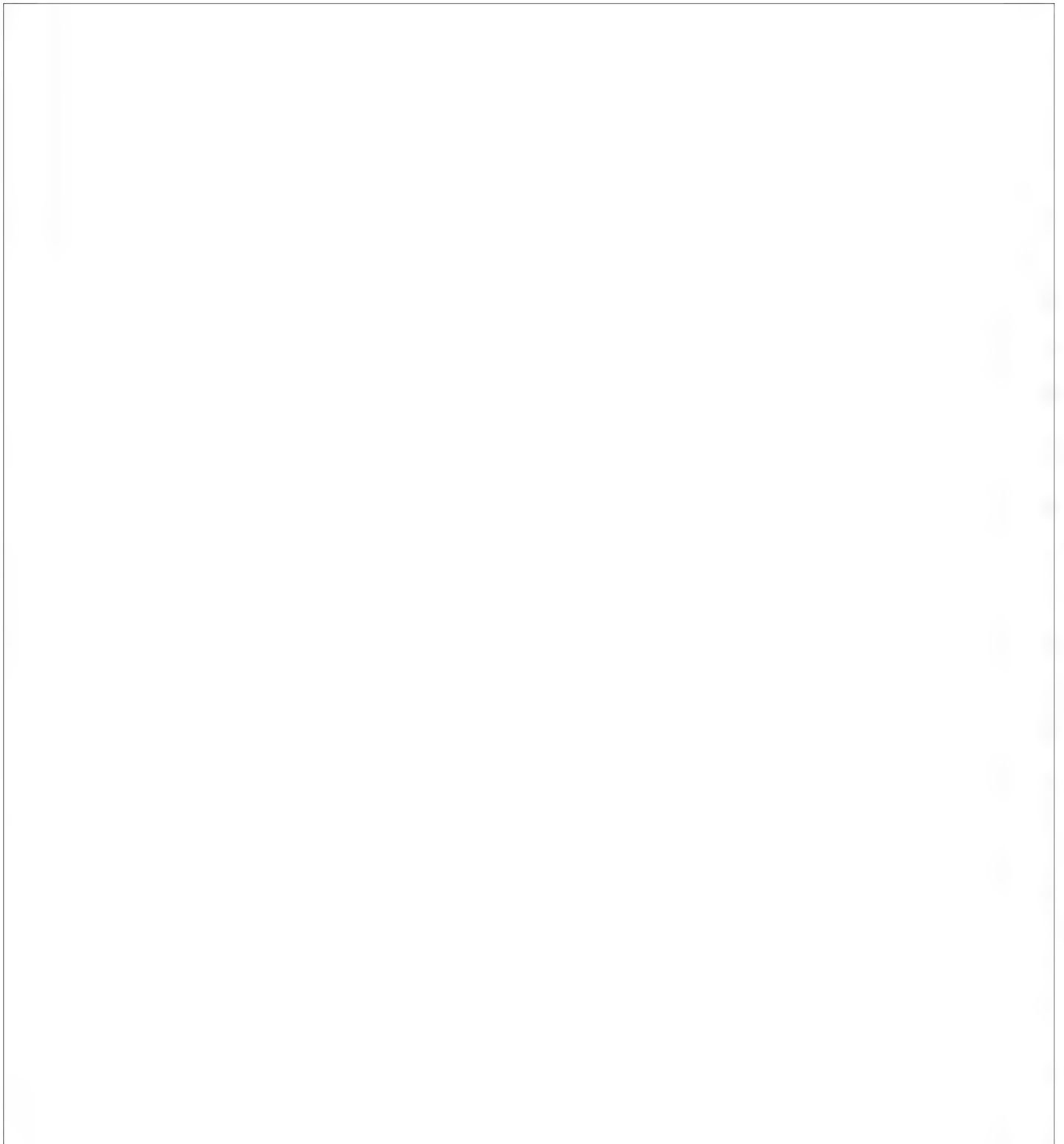
1/2 Comment: This lineup provides further evidence that Suslov's death has profited Chernenko politically, while damaging the prospects of Kirilenko, his chief rival as a candidate to succeed Brezhnev. On Tuesday, the official announcement of Suslov's funeral commission listed Kirilenko's name lower than its normal place in order, behind Chernenko and the other two full members of the Politburo named to the commission. Suslov's funeral today will provide another opportunity to assess Chernenko's apparent number-two position. []

⑦ CHINA: Deng's Whereabouts Still Unknown

1/3 Deng Xiaoping failed to make a public appearance during the lunar New Year holiday. His last reported appearance was on 12 January, although [] claims to have seen an undated photo of Deng in Army uniform in the Army newspaper on Monday. A Foreign Ministry spokesman replied to inquiries yesterday by saying Deng is well and that he spent the holiday out of Beijing. Earlier, however, the director of the foreign affairs bureau of the government news agency--after checking with his superiors--told a journalist that Deng had the flu. []

Comment: Beijing's mixed signals regarding Deng's absence could be due to bureaucratic confusion. Although illness may account for Deng's absence, policy differences cannot entirely be ruled out. The publication of his photo in the Army newspaper suggests, however, that he does not have any current serious problems with the Army. []

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(10) GHANA: Anti-US Demonstration

Leftist fringe groups who have been spreading anti-US propaganda staged an orderly demonstration yesterday outside the US Embassy. [redacted]

15 Comment: The demonstration apparently was approved by the regime's radical Secretary for Information, but it is not clear if Head of State Rawlings was aware of this. The leftists want to poison relations between the new regime and the West, and they probably hope that by acting when the leading moderate in the government is out of the country they can increase their influence in the new regime. They also may be responsible for allegedly asking Libya to help reorganize the Information Ministry. [redacted]

(11) LIBERIA: Calming Student Protests

Head of State Doe yesterday announced executive clemency for leftist student leaders sentenced to death for violating the regime's ban on politics. His decision was well received by residents of Monrovia, who feared extensive rioting if the executions were carried out. [redacted]

13 Comment: Doe probably has avoided a showdown between the regime and its student critics. At the same time, however, he may risk further alienating other members of the military council who had sought the death penalty. Some of these hardliners may be unhappy with Doe's plans to return eventually to civilian rule. [redacted]

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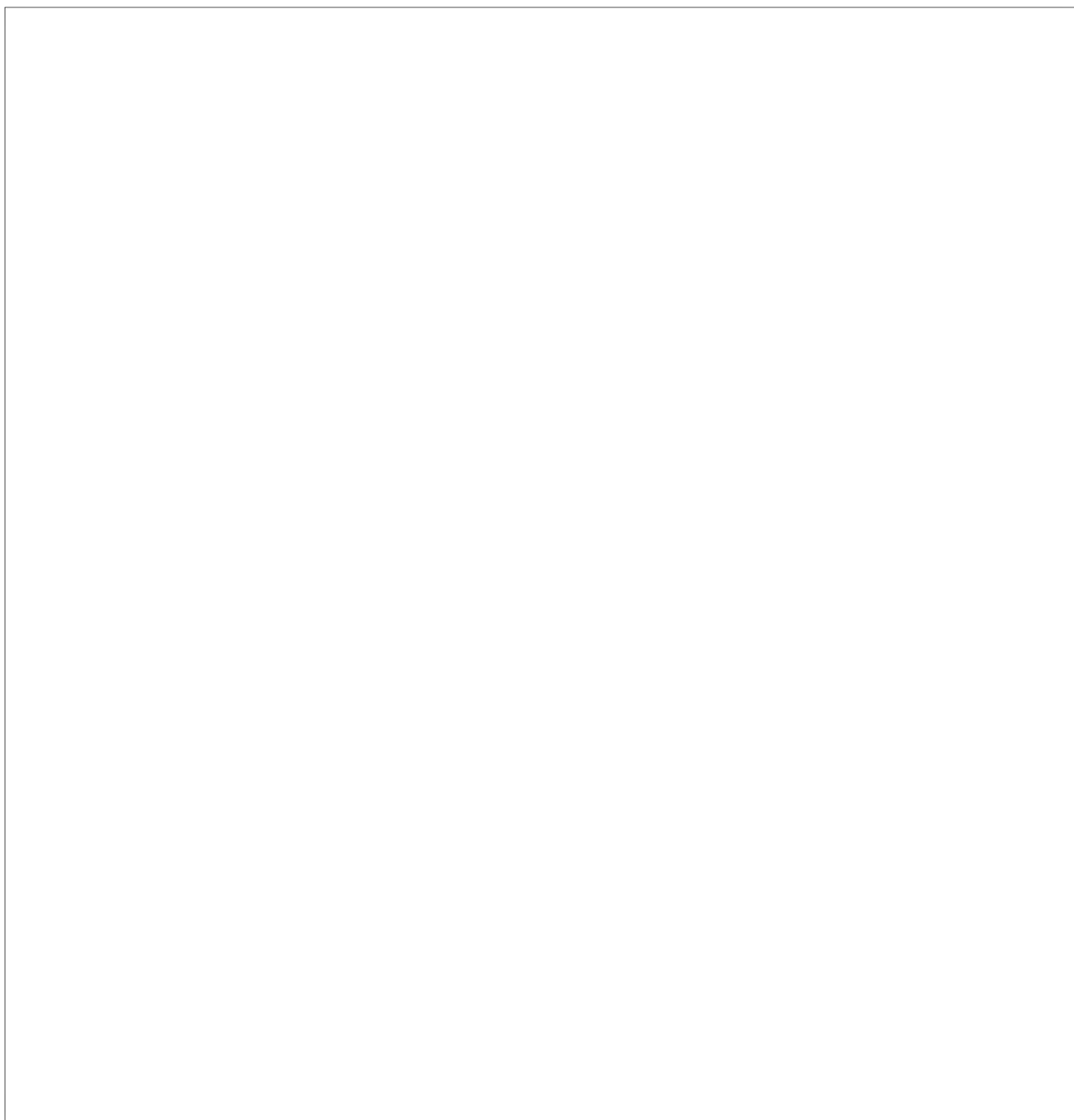
(13) PAKISTAN-INDIA: Talks on Nonaggression Pact

Pakistani Foreign Minister Shahi arrives in New Delhi today for three days of preliminary talks on a nonaggression pact proposed last September by Islamabad. India has stated that Pakistan will have to "revise" its arms acquisitions, stop its nuclear program, and agree to settle the Kashmir dispute without reference to any third party. [redacted]

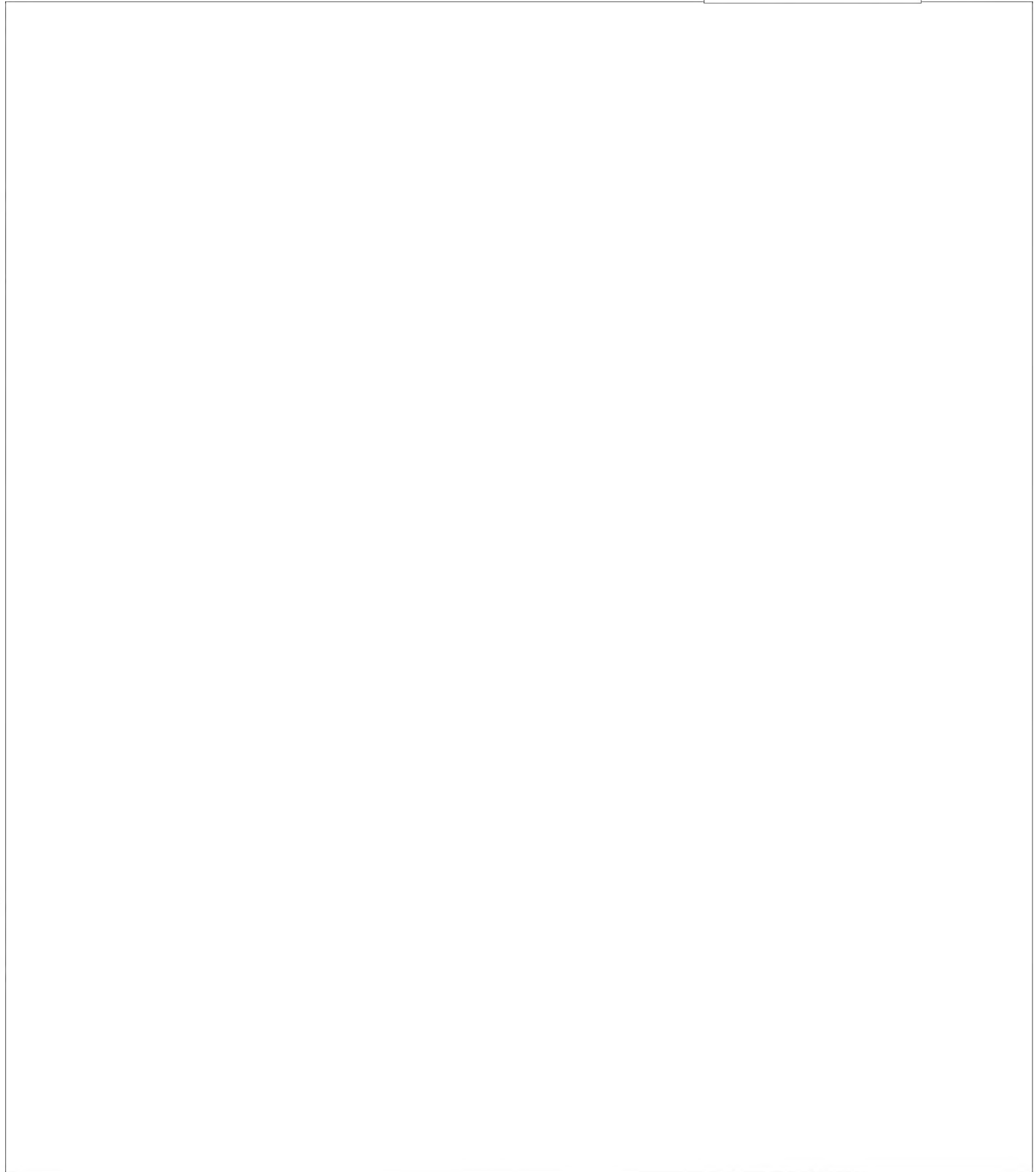
Comment: The talks almost certainly will not result in any real progress. They are likely to drag on inconclusively, however, because neither side will want to take responsibility for a breakdown in negotiations. [redacted]

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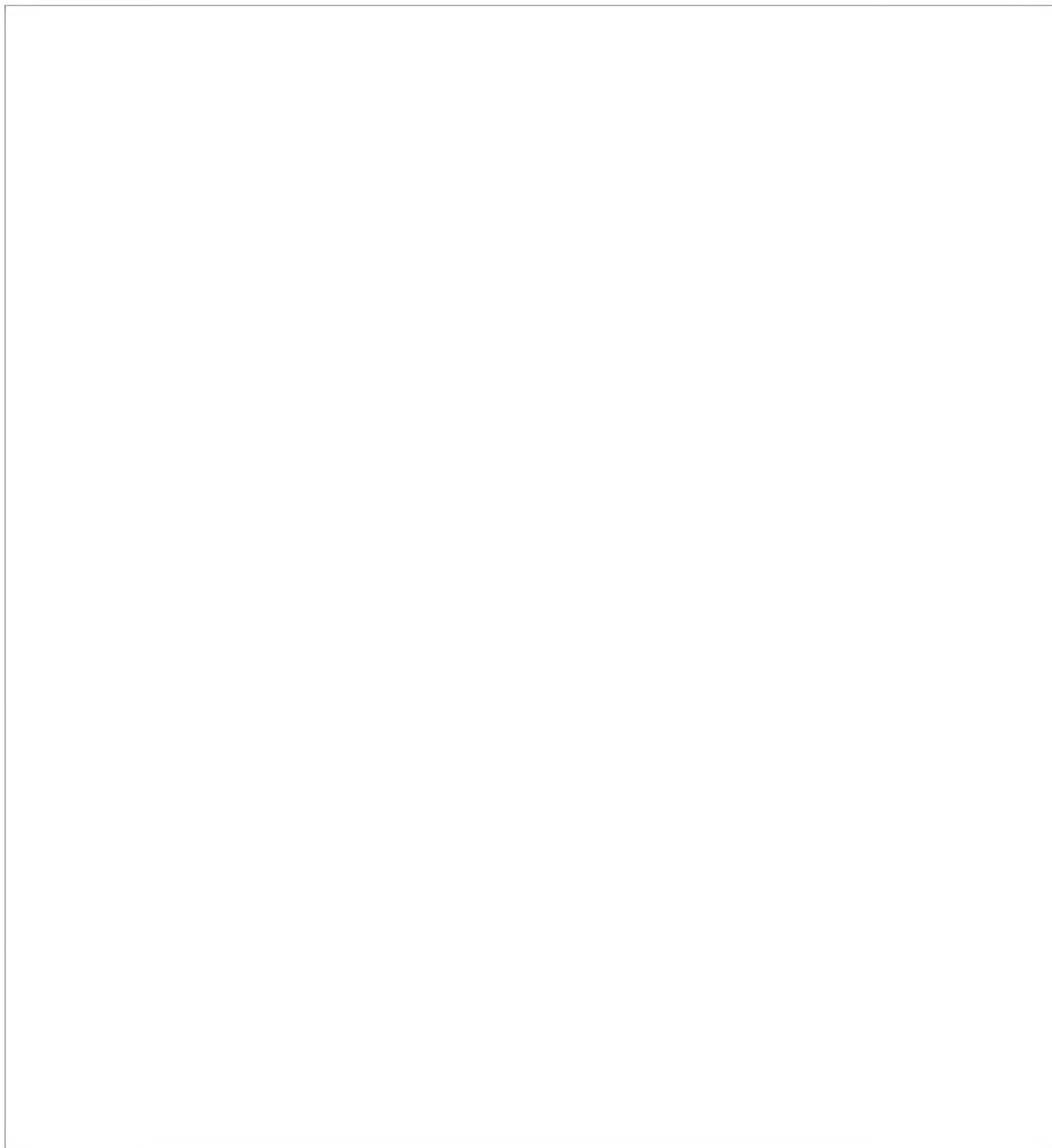
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